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Kim Jong-un's North Korea: What Should We Expect?*

Andrei Lankov

In the short run, one should not expect any significant change in Pyongyang. The North Korean leaders will continue diplomatic maneuvers aimed at extracting foreign aid, and they will stubbornly avoid domestic reforms and will not consider denuclearization. All these policies might be annoying and even dangerous to the outside world, but from the point of view of North Korea leaders, such things make perfect sense, so one should not expect them to reverse these policies. In the long run, however, the emergence of Kim Jong-un might indeed have far-reaching consequences. He has been unable to build up a legitimacy which would equal that of his father, and he might be open to some reformist ideas - especially once his current advisers will be gone. And, irrespectively of the leaders' subjective intentions, the system is changing from below. The growth of market forces and spread of uncensored information from overseas is gradually corrupting and undermining the current system. Therefore, sooner or later the system is likely to collapse under its own weight - largely because of its ingrained and incurable inability to bring about living standards commensurate with its neighbors, above all, South Korea. Nonetheless, we should not expect this collapse to happen too soon.

Key Words: regime stability, Kim Jong-un, reforms, nuclear issue, North-South relations

The era of Kim Jong-il ended abruptly when the Dear Leader died on December 17, 2011—allegedly during a field guidance tour. His son, 28-year-old Kim Jong-un, perhaps the world's youngest four-star general, was instantly made supreme commander of the North Korean

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armed forces and extolled by the media as the Supreme Leader of the North Korean state. In April he was appointed first chairman of the National Defense Committee and also made first secretary of the Korean Workers' Party. So far, it seems, the power transition has appeared to be smooth.

The emergence of the new leader in the world's only communist monarchy has made many observers wonder about the future and speculate about coming change.

Indeed, the situation in North Korea might change eventually. Nonetheless, as I will try to demonstrate in this article, there is good reason to believe that, for the next few years at least, we will see the continuation of the existing set of policies. Some of the faces at the top might change, and new rhetoric is likely to be introduced, but the essence of regime is likely to remain the same. At the same time, the gradual changes occurring in the society do not bode well for regime sustainability in the long run (but this long run might be very long indeed).

The Short-term Prospects—Same People, Same Policies, Same Problems

Perhaps the most surprising thing about developments in Pyongyang of late is the complete absence of surprises. From at least late 2010, a majority of North Korean watchers expected that the eventual death of Kim Jong-il would lead to the emergence of Kim Jong-un as a figurehead leader. It was predicted that at the early stages of his rule he would be assisted and, to an extent, controlled by a board of elder advisers, in which his uncle Jang Sung-Taek and Korean People's Army Chief of Staff Ri Young-ho would play a major role.[1] These predictions have seemingly been proven correct, which is a rare feat in the treacherous world of Pyongyang watching.

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1. For one such prediction, see Peter Beck, "What Is Kim Jong-il Up to Now?" *The Wall Street Journal Asia*, November 24, 2010, p. 13.

Due to unknown reasons, Kim Jong-il postponed the preparations for his eventual demise and power transition until very late. Such preparations began at earnest only in 2009, soon after Kim Jong-il suffered a major stroke. Nonetheless, up until the last moment Marshal Kim and his advisors seemingly assumed that they would have a few good years at their disposal to complete the power transition.

It is often overlooked that Kim Jong-un was not explicitly proclaimed successor prior to his father's demise. At the moment of Kim Jong-il's death, Kim Jong-un was technically merely a four-star general, one of a dozen top military officers, four-star generals, vice marshals and marshals of the Korean People's Army (albeit, admittedly, the youngest of them all by far). He was also a vice chairman of the Party's Central Military Commission, a rather obscure part of the Korean Workers' Party structure which has not played much of a political role since the mid-1970s. Obviously it was assumed that in the near future Kim Jong-un would finally be proclaimed successor and officially made second-in-command to his father.

Kim Jong-un's official promotion to heir designate took place amidst the expected gala celebrations for Kim Il Sung's 100th birthday in April 2012. However, Kim Jong-il died before these plans could be brought to fruition. Nonetheless, immediately after his death, the North Korean media professed unconditional loyalty to Kim Jong-un, around whom the people of North Korea were urged to rally. To the best of our knowledge, there were no suspicious happenings in Pyongyang: it appears as if all key members of the North Korean top leadership immediately accepted Kim Jong-un as their new boss, and at his father's funeral he was surrounded by those who had long been expected to become key members of his entourage. The 4th Delegates' Conference of the Korean Workers Party in April also confirmed that no dramatic changes in the personal composition of the leadership had taken place, although it seems that known associates of Jang Sung-Taek have strengthened their position in Pyongyang.

This is somewhat unusual, since in most other dictatorships, such an embarrassingly young and politically inexperienced dictator would almost certainly face challenges from within the inner circle.

One can surmise that this unanimous acceptance of Kim Jong-un is motivated by two major factors: first, the North Korean decision makers are aware that any instability might have grave consequences for all members of the elite; second, we must remember that the death of Kim Jong-il has not changed the personal constitution of North Korea's top leadership.

The Pyongyang regime finds itself in a peculiar and potentially unstable situation which is very different from that of China. The major difference has resulted from the existence of affluent and successful South Korea. The per capita income gap between North and South is almost twenty-fold (and many scholars believe it might be even higher).[2]

This yawning gap makes the position of the elite in Pyongyang rather different from that of post-Communist reformers in Hanoi and Beijing. In case of an outbreak of instability or some relaxation of political controls, the North Korean people are likely to learn of the true extent of South Korean prosperity (unbelievable by North Korean standards, and still unknown to a majority of the North Koreans), and the populace will also become less fearful of the authorities. Such a loss of control is likely to give rise to conditions in which a grassroots pro-unification movement becomes probable. In such an eventuality, somewhat similar to developments in East Germany in 1989-1991, the entire North Korean elite might be doomed. The cohesion demonstrated by the North Korean elite in recent months might be seen as indirect proof that such unity of destiny—irrespectively of stylistic and substantive differences in policy preferences—is understood by Pyongyang decision makers, and make them unlikely to start quarrelling amongst themselves.

This ingrained and well-founded fear of domestic instability is

2. For details on the ongoing arguments over the actual size of North Korea's GDP, see I Chong-sok, "Pukhan kukmin sotuk chaepyongka" [Reassessment of the National Income of North Korea], *Chongsewa chongchaek* [Current Issues and Policies], No. 3 (2008), pp. 1-4. For the most recent available estimates of the gap, see *2011 Pukhan-ŭi chuyo t'onggye chip'yo* [Major Statistical Indicators for North Korea, 2011] (Seoul: National Statistics Office, 2012), p. 1.

what makes North Korea's decision-makers extremely cautious. This is the fundamental reason why they are likely to avoid any potentially destabilizing confrontation. In the average dictatorship, a possible challenger believes that, if successful, he might replace the weak dictator at the top of the power structure. In the peculiar case of North Korea, a successful challenger might still lose everything, since the challenge itself might trigger a chain of events which in rapid succession destroys the entire system and, for that matter, even the North Korean state.

Even if a hypothetical coup against (or other political challenge to) Kim Jong-un were to succeed, it is likely to produce much internal instability. One might recall that many a crisis in the former Eastern European countries began with a sudden leadership change. This instability could easily escalate and lead to regime collapse in a relatively short period of time. The history of the Communist Bloc's disintegration provides us with many examples of this kind. Actually, the decisions of reformists to remove the previous leaders in many countries triggered events which sealed those regimes' fates. For example, in Hungary the system's disintegration was triggered by the replacement of János Kádár in May 1988; in East Germany the ousting of Erich Honecker in October 1989 led to the loss of Party control in a matter of days; and around the same time the removal of Todor Zhivkov produced similar results in Bulgaria.

If such a sequence were to play out in North Korea, both winners and losers might lose power and might conceivably find themselves in the same prison cells, being investigated for their roles in the human rights abuses of the Kim family era. Therefore, the North Korean elite will not rock the boat: whatever their private thoughts are of the embarrassingly young Supreme Leader, these people are likely to keep the appearance of unity. They might fight amongst themselves, especially if they can keep their confrontations hidden from the common populace, but from what we know about these people they are unlikely to challenge one who was anointed by the Dear Leader Kim Jong-il and who bears such a striking resemblance to the country's founding father, Great Leader Kim Il Sung.

So far, it appears that Kim Jong-il's death has not led to any significant personnel changes among the top leadership. The people who are running North Korea now are the same people who have played decisive roles in North Korean decision-making for the last 10 to 15 years. Therefore, it would not be wise to expect much in the way of change in Pyongyang's domestic and foreign policies for the time being. It will take some time before Kim Jong-un establishes his own power base, and in the meantime he will have no choice but to follow the suggestions of his advisors, who are unlikely to discard the Kim Jong-il-era policies which they once formulated and executed. And, frankly, they have few compelling reasons to discard those policies; after all, they have served well in insuring the regime's survival against tough odds.

What We Should Expect in the Near Future

What are the major policies the new—or, actually, not so new—regime in Pyongyang is likely to follow?

On the international front, Pyongyang's immediate policy goal is to ensure the resumption of large-scale South Korean and American aid. Domestically, they will work hard to ensure the stability of their regime.

Contrary to what has often been stated, the North Korean state does not desperately need aid from South Korea or the U.S. to escape economic disaster. A few years ago, one could frequently come across statements to the effect that "sanctions are beginning to bite." The implication was that international sanctions would drive North Korea's leaders to desperate measures, i.e. surrendering their nuclear program in order to get a reprieve from the mounting economic difficulties. We have not heard much talk along these lines recently, and with good reason: since the introduction of international sanctions in 2006, North Korea's macro-economic indicators have improved and continue to do so, albeit with occasional lapses into recession and negative economic growth.

Nonetheless, since the discontinuation of large-scale South Korean and U.S. aid in 2008, the North Korean state has become extremely dependent on just one sponsor—China. This dependency goes against the instincts and experiences of North Korea's decision-makers. Since the Sino-Soviet split, the North Korean government has tried to keep at least two sponsors, whose relationship is strained and preferably hostile. This is a sound strategy: it gives North Korean diplomats room to maneuver, allowing them to squeeze concessions concurrently from feuding sponsor states, while giving neither of them much in return.

The regime's current dependency on China alone for aid is, therefore, worrisome for the North Korean leadership. Thus far Pyongyang's leaders have ensured that this economic dependency has not translated into socio-political influence, but they cannot discount the possibility that China will try to leverage its economic domination over the North in the political realm.[3] Therefore, the immediate goal of the North Korean leadership is to ensure the eventual resumption of large-scale unconditional aid from countries other than China—above all, they are eager to restore the U.S. and ROK aid which was abruptly halted in 2008. They would prefer that this aid be generous and unconditional. As Noland and Haggard observed recently, "General economic inducements, such as the lifting of sanctions, entry into international financial institutions (IFIs), or more formalized regional cooperation, have never been as appealing to the North Korean leadership as proponents of engagement have believed. The regime has always favored targeted transfers that can be directly controlled by the leadership, including food aid, heavy fuel oil shipments, or cash payments."[4] In order to bring this about, the North Korean leaders are likely to follow

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3. For a detailed and sophisticated analysis of China's attitude to North Korean actions of the last years, see Jooyoung Song, "Understanding China's Response to North Korea's Provocations: The Dual Threats Model," *Asian Survey*, Vol. 51, No. 6 (March/April 2011), pp. 1134-1155.
4. Stephan Haggard and Marcus Noland, "Sanctioning North Korea: The Political Economy of Denuclearization and Proliferation," *Asian Survey*, Vol. 50, No. 3 (May/June 2010), p. 540.

two sets of policies, one targeting the ROK and the other the U.S.

In dealing with the South, it seems that the new North Korean leadership has pinned its hopes on the electoral victory of South Korea's "progressives" (though they must have been disappointed by the results of the parliamentary elections in April, in which the South Korean left did not fare particularly well). On the eve of the April parliamentary elections, North Korean media (especially the Uriminjok-kkiri website, their major propaganda outlet targeting the South Korean public) explicitly expressed fervent support for the South Korean progressives, even confidently predicting that "the South Korean people will not give another chance to the [conservative] New Frontier Party." Remarkably, recent North Korean publications have contained some attacks on Park Geun-hye, the most likely candidate for the conservative side in the upcoming presidential election.[5]

North Korea's leaders assume that a victory by the South Korean left—not likely, but by no means impossible—will lead to the resumption of aid on a scale more or less commensurate with that of the "Sunshine policy" era. These expectations might be overblown, but indeed it seems that South Korea's "progressives" are more likely to be generous with aid than their "conservative" opponents.

Therefore one might expect that in the immediate future, the North Korean government will refrain from undertaking any provocative military actions near the DMZ or the NLL. As the Cheonan incident demonstrated, such incidents in the short run tend to incite a massive upsurge in anti-Pyongyang feelings among South Korean voters. Needless to say, such sentiments play into the hands of the "conservatives," who take a more hardline approach to the North. Of course, provocations cannot be ruled out completely, and now, after the parliamentary success of the "conservatives," the North might even consider punishing the South Korean voters by staging another provocation. Nonetheless, it would make more sense to refrain from actions which would strengthen the hard-liners' case.

At the same time, there is little chance of the North Korean govern-

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5. *Rodong Sinmun*, April 28, 2012.

ment engaging in high-level talks with the South until after the presidential elections. If the incumbent "conservative" administration were to succeed in luring the North into negotiations, this would be presented as a major victory for the conservative method of dealing with the North. Such a success would no doubt be used by the "conservatives" in their electoral campaign with great efficiency, since their "progressive" opponents often insist that "conservatives" are ineffectual in dealing with the North. Therefore it makes sense for the leadership in the North to bide its time in dealing with the South and to even use increasingly hostile rhetoric in regard to the South Korean leaders. If this helps the "progressives" to win an electoral victory then Pyongyang will be satisfied. But if the "progressives" are unsuccessful in December 2012, the North will still try to acquire aid from the post-Lee Myung-bak "conservative" administration.

In dealing with the U.S., Pyongyang's goal is likely to remain the same—i.e. the resumption of large-scale and preferably unconditional aid. However, the methods the new North Korean leadership employs in pursuing this goal are likely to be somewhat different.

First of all, in the long run, North Korean diplomats are likely to pursue negotiations with the U.S. They might make some concessions, largely of a symbolic and reversible nature, in order to demonstrate their "willingness" to undertake denuclearization in some unspecified but distant future. In return, they hope to obtain food aid and other monetary rewards.

However, such an approach has serious limitations. The North Korean government has no serious reason or intention to consider denuclearization. They believe that nuclear arms are the major safeguard against foreign invasion and/or intervention into a domestic crisis. The sorry fates of both Saddam Hussein and Colonel Gaddafi could only strengthen their belief in the need for a nuclear deterrent. If anything, the recent events in Libya have confirmed these assumptions. On March 22, 2011, the North Korean official news agency, *KCNA*, quoted a spokesman for the DPRK Foreign Ministry as saying: "The present Libyan crisis teaches the international community a serious lesson. It was fully exposed before the world that "Libya's nuclear

dismantlement" much touted by the U.S. in the past turned out to be a mode of aggression whereby the latter coaxed the former with such sweet words as "guarantee of security" and "improvement of relations" to disarm itself and then swallowed it up by force. It proved once again the truth of history that peace can be preserved only when one builds up one's own strength as long as high-handed and arbitrary practices go on in the world."[6]

They also depend on nuclear weapons as a powerful tool for diplomatic blackmail. In the absence of the nuclear problem, no one would pay much attention to the North, essentially an impoverished third-world dictatorship with a smaller economy than Ghana's or Mozambique's.

Right now, it appears that North Korea is in the tension-building stage of its usual strategic cycle (first create a crisis and then get concessions in exchange for being less aggressive). Pyongyang's decision to renege on the so-called "Leap Day Agreement" just two weeks after its signing was surprising, and its reasons are open to interpretation. Bureaucratic inefficiency or factional strife might have been the cause, but this decision might have reflected a well-planned strategy as well. By reneging on the agreement, Pyongyang might have wished to show that the North Korean leadership is not going to make serious concessions in exchange for the paltry 240,000 tons of food which were promised as a part of the "Leap Day Agreement," hoping to gain much more eventually.

As a way to build up tension, North Korea tried a satellite launch, which, as usual, was a failure. A nuclear test might follow. Indeed, as a tension-building exercise, a test of a uranium device would likely work well (less so if the devise uses plutonium). Such a test would clearly demonstrate that North Koreans have managed to produce a significant amount of highly enriched uranium. This would increase the proliferation risk, as a uranium program is much more difficult to monitor than the production of weapons-grade plutonium. Since a

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6. "Foreign Ministry Spokesman Denounces U.S. Military Attack on Libya," *KCNA*, March 22, 2011, www.kcna.co.jp, accessed on March 5, 2012.

uranium program constitutes a major proliferation challenge, an unequivocal demonstration of North Korea's productive capacity might have a decisive impact on the U.S. position, prompting the U.S. to make concessions.

The Domestic Dilemma: To Reform, Or Not to Reform

Every noticeable change in North Korea's political landscape is bound to produce media (and also academic) speculation about reforms in the North, which are allegedly bound to happen in the near future, or perhaps have "just begun."[7] Since the late 1980s it has been commonly assumed that the North Korean leaders must eventually come to their senses and emulate the Chinese model. So far, the North Korean government has stubbornly refused to follow this seemingly attractive strategy. Interestingly, the North Korean authorities have never made a secret of their outright rejection of the much lauded Chinese reform model. But denouncing the Chinese model on a regular basis—a common feature of the North Korean propaganda and press—has failed to have any impact on the expectations of most observers, who are still anticipating reform as they have for the past two decades.

The stubborn rejection of this seemingly attractive option is often described as "paranoid" and explained away by the alleged ideological zeal and/or stubbornness of the North Korean decision-makers. Unfortunately, such observations seriously underestimate the North Korean leadership, which is both rational and logical in outlook. Rather, from the North Korean perspective, emulating the Chinese would be risky, or even suicidal.

As already stated, the primary reason behind the North's reluctance to accept the reform path is the staggering gaps in economic

7. As a good – but typical – example of the over-optimistic (albeit slightly cautious) assessments of the 2002 "Economic Improvement Measures," see Young Chul Chung, "North Korean Reform and Opening: Dual Strategy and 'Silli (Practical) Socialism'," *Pacific Affairs*, Vol. 77, No. 2 (Summer 2004), pp. 283-304.

performance and income levels between North and South. Reform would bring social relaxation and a dramatic increase in access to information about the outside world. The spread of information, unavoidable if Chinese-style reforms are instituted, would be destabilizing for the North.

China faces no such threat. No doubt, the Chinese populace is well aware of the prosperity of the United States, Europe and Japan. But those are foreign nations, and their success cannot directly be construed as proof of the illegitimacy of the Chinese state's claim to nationhood. China cannot (nor would it want to) become the 51st state of the United States, or a Japanese prefecture. The Chinese have no other country with which to unify and substantially improve their living standards (Taiwan is far too small to make any difference). The Korean situation is very different. With reform, a powerful pro-unification movement is likely to arise in the North, and such a movement is likely to threaten the power, and perhaps even the lives of the North Korean decision-makers.

The above reconstruction of the Pyongyang elite's thinking is necessarily hypothetical, but a reliable confirmation of this hypothesis has emerged recently. In January 2011, journalists of the Japanese *Tokyo Shimbun* daily managed to interview Kim Jong-nam, Kim Jong-il's eldest son who lives overseas in semi-exile (largely in Macao and continental China) and is the only member of the Kim family who occasionally talks with foreign journalists. His remarks have become more frank in recent years, and in January 2011 he described the predicament of his father's regime in no uncertain terms. He was quoted as saying: "I personally think that reforms and openness are the best way to make the lives of the North Korean people more affluent. But if one takes into account the peculiarities of North Korea, one might fear that reforms and openness will bring about system collapse."[8] This is a remarkably frank—but completely reasonable—admission.

There is little doubt that the current North Korean leadership

8. *Tokyo Shimbun*, February 2, 2011.

understands the great dangers which are associated with attempted reforms. After all, Jang Sung-Taek and his peers greatly contributed to the anti-reformist hardline policy line of the Kim Jong-il era. Therefore, as long as actual political power in North Korea remains in the hands of the current "council of regents," the chance of seeing any dramatic change in domestic policy is slim.

However, one would expect that in due time Kim Jong-un will become an actual player in North Korean politics. His period of apprenticeship may last for several years, but sooner or later it will end. Some people with first-hand knowledge of Kim Jong-un's personality have privately described him to this author as "ambitious and energetic." Whether these accounts are accurate or not remains to be seen, but it appears unlikely that Kim Jong-un will be content to remain a figurehead for decades to come.

Changes are also likely to be hastened by biology. All the leading advisors of Kim Jong-un are old: currently most are in their mid-to-late 60s or even 70s, and their bodies and brains will not function indefinitely. They are likely to be soon replaced by much younger people, many of whom will be Kim Jong-un's peers—that is, people who are now in their late 20s and early 30s, obscenely young by the standards of North Korea's gerontocracy. Taking into account the near hereditary nature of the North Korea's social and political system, many of these people (if not all of them) will be the grandchildren of the present-day top officials, but this does not mean they will share the same assumptions as their grandparents.

Many of these future leaders have studied overseas, and nearly all of them are admirers of Western popular culture. This does not necessarily mean that they have a Western worldview, but it seems unlikely that any of them take the communist ideology—or, for that matter, the *Juche* ideology—seriously, although many of them might be quite serious about North Korea's version of ethnic nationalism. Most of these people have been born into power and privilege, so they might lack the caution and insecurity which is ingrained in the psyche of the current elite—lucky and cunning survivors of the bloody purges and cutthroat factional struggles of the 1950s and 1960s.

In other words, the next generation may try to undertake Chinese-style reforms, and in this undertaking they might be supported and encouraged by Kim Jong-un himself. These youngsters may lack the understanding of how dangerous such reforms will be for the existing system, so they might see Chinese-style policies as the logical way to revive the moribund Northern economy.

Of course this is only one of many possibilities, and the present author is more inclined to believe that the next generation will choose not to follow the Chinese path, since Chinese-style reforms are likely to lead to the regime's demise.

Glacial Change from Below

Even though the North Korean leadership is extremely cautious about reforms and will probably never dare to tamper with the existing economic and political system, North Korean society is nonetheless slowly changing from below. These changes are clearly not to the liking of the state, but all attempts to stop this steady transformation have failed so far—and are likely to continue to fail in the future.

The Kim Il Sung era economic system, the near perfect embodiment of Stalinist, centrally-planned economies, collapsed in the early 1990s. Some parts of this system have survived, like the military-industrial complex, some related infrastructure, and some export-related industries largely catering to the Chinese market. But production in most North Korean factories has come to a near complete standstill. There is some disagreement over the exact scale of North Korean industrial output, but it is universally accepted that it is well below the 1990 level.[9]

When a majority of the North Korean populace suddenly lost

9. In recent years, the transformation of North Korea's economy and society attracted much attention. Of English language book-length publications, one should mention, first of all Stephan Haggard and Marcus Noland, *Witness to Transformation: Refugee Insights into North Korea* (Washington, DC: Peterson Institute for International Economics, 2011).

access to government-issued food rations, a major famine ensued. However by the late 1990s, survivors had essentially rediscovered the market economy.

Nowadays, a majority of North Koreans make their living primarily outside of the barely functioning state economy. They are engaged in private market activities, technically illegal but tolerated for practical purposes. North Koreans toil in private fields, and they manufacture consumption goods in their homes or even at passively tolerated private workshops. They provide many kinds of services (the revived and booming restaurant industry is overwhelmingly private), they trade, and they smuggle. It was recently estimated that in 1998-2008 the share of income from informal economic activities reached 78% of the total income of North Korean households.[10]

The growth of private enterprise has had numerous political and social consequences for North Korean society. It has led to a dramatic increase in official corruption, hitherto largely absent. Low-level officials are nearly always willing to turn a blind eye to technically illegal activities as long as they can get kickbacks in return from private entrepreneurs. In some cases, they are also willing to overlook irregularities of a political nature. People can buy their way out of trouble if they are caught watching South Korean videos or listening to foreign broadcasts (and the money involved is not prohibitively high).

Controls over domestic travel, once notoriously strict, have all but disappeared (except for those restricting entry into Pyongyang itself), and the Sino-Korean border has become very porous. This has resulted in the proliferation of rumors about the outside world. Another important phenomenon is the spread of South Korean and Chinese TV shows via video CDs and DVDs. A study by the InterMedia research group concluded that in 2009 the penetration rate was 21% and 5% for VCD and DVD players, respectively,[11] and from my research it

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10. Kim Byung-Yeon and Song Dongho, "The Participation of North Korean Households in the Informal Economy: Size, Determinants, and Effect," *Seoul Journal of Economics*, Vol. 21, No. 2 (July 2008), p. 373.
11. *InterMedia*, "International Broadcasting in North Korea: North Korean Refugee/Traveler Survey Report," April-August 2009.

seems that in the borderland areas of the country some 70-80% of all households were in procession of DVD players by early 2012.

All this means a slow but unstoppable disintegration of the two main pillars of North Korean society—information exclusion and all-encompassing surveillance. The younger North Koreans know, or at least suspect, that South Korea is doing far better than the North, even though they are likely to underestimate the yawning size of this gap. They are less afraid of the authorities and they are often involved in horizontal networks—for decades, the North Korean state has done everything it could to prevent the emergence of such connections. They have also grown up in a society where income largely comes from one's own good fortune, efforts and guile, and not from one's ability to ingratiate oneself with the state bureaucracy and faithfully parrot the official propaganda. For many of them, the state and its bureaucrats are perceived not as natural providers but rather as a swarm of parasites who have to be tolerated as a fact of life, but whose necessity is doubtful at best. Of course, one should not overestimate these changes—they are very slow and the North Korean government is unlikely to be challenged from below in the immediate future. Nonetheless, time is not on the government's side.

The government perfectly understands that this spontaneous growth of market forces constitutes a long-term threat to regime stability. There have been periods when market activities have been tolerated and even accepted—the culmination of one such period was marked by the so-called "July 1st reform measures" of 2002—a much overrated but still significant attempt at adjusting the state's economic management to fit the new realities. There have also been times when the state has tried its utmost to push the genie back into the bottle—for instance, during the 2005-2009 period. This attitude has led to bans on an assortment of market activities and culminated in the failed currency reform of 2009.[12] In this struggle against market

12. For a detailed review of the counter-reforms which preceded the 2009 currency reform fiasco, see Andrei Lankov, "Pyongyang Strikes Back: North Korean Policies of 2002-08 and Attempts to Reverse "De-Stalinization from Below"," *Asia Policy*, Number 8 (July 2009), pp. 47-71.

forces, the state has scored only very limited successes. In most cases, bans have only been enforced for short periods of time and then have been completely forgotten by the police and populace. Tellingly, most of these bans were quietly lifted after the failed currency reform of 2009—the state ordered that markets be left alone in the spring of 2010.

From the point of view of Pyongyang, it makes sense to control and contain the growth of the markets and private economic activities. However, the state has no ready substitute for them, since the old centrally-planned economy cannot be restarted in spite of the state's best efforts. Therefore, the domestic policies of Kim Jong-un's government will probably continue to oscillate between attempts to push markets back or obliterate them completely and efforts to find some way to coexist with the markets which now provide most North Koreans with their daily bread (or more aptly, their daily corn).

So, what should we expect from the new leader in Pyongyang? In the short run, it will probably be more of the same: diplomatic maneuvers aimed at extracting foreign aid, a stubborn unwillingness to initiate domestic reforms and, of course, an unwavering commitment to keeping, and if necessary advancing, the nuclear weapons program. All these policies might be annoying or even dangerous to the outside world, but from the point of view of North Korea's leaders, they make perfect sense, and so we should not expect to see them reversed.

In the long run, however, the emergence of Kim Jong-un might indeed have far-reaching consequences. He has been unable to build up legitimacy equal to that of his father, and he might be open to some reformist ideas—especially once his current advisers have gone. Thus we cannot rule out the possibility that eventually the new leaders will try some reform—perhaps with destabilizing consequences.

Furthermore, irrespective of the leaders' subjective intentions, the system is changing from below. The growth of market forces and the spread of uncensored information from overseas is gradually corrupting and undermining the current system. Therefore, sooner or later the system is likely to collapse under its own weight, largely

because of its ingrained and incurable inability to bring about living standards commensurate with neighboring countries—above all, South Korea. Nonetheless, we should not expect this collapse to happen too soon, although when it finally does happen it will probably come like a bolt out of the blue.

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